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Confidence lifts wool production

Strong grower sentiment toward the retention of sheep reported over recent months is reflected in the latest wool production forecasts as confidence returns to the Australian wool industry on the back of recent strong wool prices and continued strong sheepmeat prices, along with favourable seasonal conditions in many parts of Australia.

For 2010/11, the Committee has finalised its most recent production estimate at 345 million kilograms greasy (mkg), which is an increase of 5 mkg on its March forecast, and represents a 0.6% increase compared to 2009/10 (343 mkg).

For 2011/12, the Committee's second forecast predicts shorn wool production to be at 355 mkg greasy, up 3% on 2010/11 production levels. A number of factors have contributed to this forecast increase, including a 4% rise in opening sheep numbers from the low 68 million last year, and a consequent increase in the number of sheep to be shorn.

Table 1: Summary of wool production estimates and forecasts for Australia

Parameter	2009/10 Estimate	2010/11 Estimate	Change y-o-y	2011/12 2nd Fct.	Change y-o-y
Sheep numbers shorn (million head)	76.2	74.5	-2.2%	77.3	+3.8%
Average cut per head (kg/head)	4.50	4.63	+2.9%	4.60	-0.7%
Shorn wool production (mkg greasy)	343	345	0.6%	355	3.1%

Note: Totals may not add due to rounding.

Committee chairman Russell Pattinson says there was strong evidence of grower intent to re-invest in sheep and wool. "The most recent joint MLA/AWI grower survey (June 2011) showed that over 90% of growers intend to maintain or increase sheep numbers in 2011/12, while the sheep turnoff and slaughter levels are substantially down," he says. In addition, reports from around the country indicate that higher than average lambing and weaning rates are expected in many parts

The Committee's estimate of opening sheep numbers (at 70.8 million) is in line with estimates from Meat and Livestock Australia and ABARES. Estimation of fleece weights is via input from state committees.

For its 2010/11 final estimate, the Committee noted that AWTA test result data had increased by 2% (higher than the Committee's 0.6% increase) however this was in part influenced by the reported sell-



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off of on-farm stocks to capture higher wool prices. The Committee also confirmed the change in diameter profile of the national clip in 2010/11 with reduced volumes of Superfine Merino wool being produced and an increased production of strong Merino and cross-bred wool types.

The national Committee drew on advice from the six state committees, each of which includes brokers, growers, private treaty merchants, representatives from state departments of agriculture, and the Australian Wool Testing Authority. Data and input was also drawn from AWEX, wool exporters, the Australian Bureau of Statistics, ABARES and Meat and Livestock Australia.

A full report of the latest forecasts will be available from Tuesday 9th August 2011 on the AWI website at <http://www.wool.com/forecasts>.

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